



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
FORMER CRITTENDEN COUNTY  
SHERIFF'S SETTLEMENT - 1998 TAXES  
AND  
SHERIFF'S SETTLEMENT –  
1998 LIMESTONE, SAND, AND GRAVEL RESERVE TAXES**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
[WWW.STATE.KY.US/AGENCIES/APA](http://WWW.STATE.KY.US/AGENCIES/APA)**

**144 CAPITOL ANNEX  
FRANKFORT, KY 40601  
TELE. (502) 564-5841  
FAX (502) 564-2912**



## CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT .....	1
SHERIFF'S SETTLEMENT - 1998 TAXES .....	3
SHERIFF'S SETTLEMENT – 1998 LIMESTONE, SAND, AND GRAVEL RESERVE TAXES.....	5
NOTES TO THE FINANCIAL STATEMENTS .....	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	11





## Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Sarah Jane Schaaf, Secretary, Revenue Cabinet

Honorable Victor P. Hardin, County Judge/Executive

Honorable Wayne Agent, Crittenden County Sheriff

Honorable Mitchell D. Holliman, Former Crittenden County Sheriff

Members of the Crittenden County Fiscal Court

### Independent Auditor's Report

We have audited the former Crittenden County Sheriff's Settlement - 1998 Taxes as of February 16, 1999, Sheriff's Settlement - 1998 Limestone, Sand, and Gravel Reserve Taxes as of July 29, 1999. These tax settlements are the responsibility of the former Crittenden County Sheriff. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The former Sheriff prepared his financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the former Crittenden County Sheriff's taxes charged, credited, and paid as of February 16, 1999 and July 29, 1999, in conformity with the basis of accounting described in the preceding paragraph.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Sarah Jane Schaaf, Secretary, Revenue Cabinet

Honorable Victor P. Hardin, County Judge/Executive

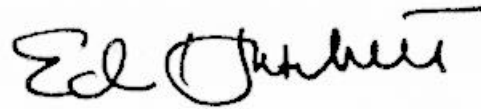
Honorable Wayne Agent, Crittenden County Sheriff

Honorable Mitchell D. Holliman, Former Crittenden County Sheriff

Members of the Crittenden County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated August 20, 1999, on our consideration of the former Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end of the signature.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -  
August 20, 1999

CRITTENDEN COUNTY  
MITCHELL D. HOLLIMAN, FORMER SHERIFF  
SHERIFF'S SETTLEMENT - 1998 TAXES

February 16, 1999

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 215,460	\$ 145,298	\$ 686,070	\$ 289,170
Tangible Personal Property	19,122	12,414	55,978	67,256
Intangible Personal Property				12,696
Prior Year Franchise	3,227	1,967	9,773	
Fire Protection	2,024			
Franchise Corporation	38,221	24,846	112,881	
Flourspar Mineral Reserves	1	1	4	2
Additional Billings	206	135	642	406
Omitted Taxes	3	2	9	4
Increased Through Erroneous Assessments	70	46	224	94
Penalties	58	37	177	
Adjusted to Sheriff's Receipt	(1)	13	7	(144)
Gross Chargeable to Sheriff	\$ 278,391	\$ 184,759	\$ 865,765	\$ 369,484
<u>Credits</u>				
Discounts	\$ 3,373	\$ 2,228	\$ 10,555	\$ 5,451
Exonerations	683	449	2,175	917
Unpaid and Partially Paid:				
Real Estate	28,972	19,343	91,826	39,044
Tangible Personal Property	249		724	733
Intangible Personal Property				10
Uncollected Franchise	9,103	5,928	27,179	
Total Credits	\$ 42,380	\$ 27,948	\$ 132,459	\$ 46,155
Net Tax Yield	\$ 236,011	\$ 156,811	\$ 733,306	\$ 323,329
Less: Commissions *	10,318	6,664	29,332	14,029
Net Taxes Due	\$ 225,693	\$ 150,147	\$ 703,974	\$ 309,300
Taxes Paid	225,607	150,085	704,005	309,190
Refunds (Current and Prior Year)	96	63	305	128
(Refunds Due Sheriff)		**		
as of Completion of Fieldwork	\$ (10)	\$ (1)	\$ (336)	\$ (18)

\* and \*\* See Page 4

CRITTENDEN COUNTY  
 MITCHELL D. HOLLIMAN, FORMER SHERIFF  
 SHERIFF'S SETTLEMENT - 1998 TAXES  
 February 16, 1999  
 (Continued)

\* Commissions:

10% on	\$	10,000
4.25% on	\$	706,151
4% on	\$	733,306

\*\* Special Taxing Districts:

Library District	\$	7
Extension District		<u>(8)</u>

Due Districts or (Refund Due Sheriff)	\$	<u><u>(1)</u></u>
---------------------------------------	----	-------------------

The accompanying notes are an integral part of the financial statements.



CRITTENDEN COUNTY  
MITCHELL D. HOLLIMAN, FORMER SHERIFF  
SHERIFF'S SETTLEMENT – 1998 LIMESTONE, SAND, AND GRAVEL RESERVE TAXES

July 29, 1999

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Sheriff's Official Receipt for Limestone, Sand, and Gravel Reserve Taxes	\$ 265	\$ 175	\$ 845	\$ 356
<u>Credits</u>				
Discounts	\$ 5	\$ 4	\$ 17	\$ 7
Net Tax Yield	\$ 260	\$ 171	\$ 828	\$ 349
Less: Commissions *	11	7	33	15
Net Taxes Due	\$ 249	\$ 164	\$ 795	\$ 334
Taxes Paid	249	164	795	334
Due Districts as of Completion of Fieldwork	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

\* Commissions:

4.25% on	\$	780
4% on	\$	828

The accompanying notes are an integral part of the financial statements.

CRITTENDEN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

July 29, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue, which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue, which are recognized when there is proper authorization. Taxes paid are uses of revenue, which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The former Sheriff maintained deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The former Sheriff met the requirements stated above, and as of February 16, 1999, deposits were fully insured or collateralized at a 100% level with securities held by the county official's agent in the county official's name.

CRITTENDEN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
July 29, 1999  
(Continued)

Note 3. Property Taxes

The real and personal property tax assessments were levied as of January 1, 1998. Property taxes were billed to finance governmental services for the year ended June 30, 1999. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 21, 1998 through April 15, 1999.

1998 Limestone, Sand, and Gravel Reserve Taxes

The tangible property tax assessments were levied as of January 1, 1998. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 21, 1998 through December 5, 1998.

1998 Fluorspar Mineral Reserve Taxes

The tangible property tax assessments were levied as of January 1, 1998. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 23, 1998 through December 5, 1998.

The tax collections for 1998 Fluorspar Mineral Reserve taxes were included on the 1998 Regular Property Tax Settlement because of their small assessment. These taxes were settled with Fiscal Court on July 29, 1999.

Note 4. Interest Income

The former Crittenden County Sheriff earned \$2,568 as interest income on 1998 taxes. The former Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder was used to operate the former Sheriff's office.

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Victor P. Hardin, County Judge/Executive  
Honorable Wayne Agent, Crittenden County Sheriff  
Honorable Mitchell D. Holliman, Former Crittenden County Sheriff  
Members of the Crittenden County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the former Crittenden County Sheriff's Settlement - 1998 Taxes as of February 16, 1999, Sheriff's Settlement - 1998 Limestone, Sand, and Gravel Reserve Taxes as of July 29, 1999. We have issued our report thereon dated August 20, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the former Crittenden County Sheriff's Settlement - 1998 Taxes as of February 16, 1999, Sheriff's Settlement - 1998 Limestone, Sand, and Gravel Reserve Taxes as of July 29, 1999 settlements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

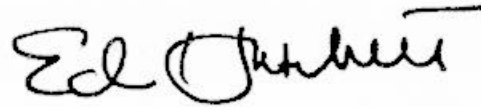
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Crittenden County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Victor P. Hardin, County Judge/Executive  
Honorable Wayne Agent, Crittenden County Sheriff  
Honorable Mitchell D. Holliman, Former Crittenden County Sheriff  
Members of the Crittenden County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
August 20, 1999



